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FISCAL IMPACT STATEMENT

LS 7478

BILL NUMBER: SB 609

NOTE PREPARED: Mar 26, 2013

BILL AMENDED: Mar 25, 2013

SUBJECT: Horse Racing.

FIRST AUTHOR: Sen. Kenley

FIRST SPONSOR: Rep. Eberhart

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill does the following:

IHRC's Reporting Requirement: The bill requires the Indiana Horse Racing Commission (IHRC) to report on the competitive status of the Indiana horse racing industry as compared to the horse racing industries of other states.

Wagering Regulations: It prohibits members of the IHRC, employees of the IHRC, and racing officials from wagering on horse racing at racetracks and satellite facilities located in Indiana. It provides that the prohibition also applies to the spouse of any individual prohibited from wagering. It provides that a person who wagers on horse racing in violation of the statute commits a Class A misdemeanor.

Changes to Disciplinary Guidelines and Actions: The bill requires the IHRC to post information concerning complaints and disciplinary actions on the IHRC Internet web site. It specifies the following concerning disciplinary action initiated by stewards and judges: (1) that unless appealed within 15 days, a suspension or civil penalty must be imposed within 180 days of the sanctioned violation; (2) that judges and stewards must prove the violation by the preponderance of the evidence; and (3) that the IHRC must conduct a hearing on an appeal within the time provided in the administrative adjudication law.

Independent Study: The bill requires the IHRC to enter into a contract for an independent study concerning the economic impact of horse racing in Indiana. It requires each person that holds a permit to conduct a horse racing meeting to pay to the IHRC a total of \$50,000 over two years for each track for which the person holds a permit. It requires the IHRC to present the results of the independent study to the budget committee and submit the results of the independent study to the governor and the legislative council before November 1,

2015.

Racing Days: The bill requires that, in a calendar year, at least 60 but not more than 75 live racing days at a racetrack be for horses that are: (1) mounted by jockeys; (2) run on a course without jumps or obstacles; and (3) thoroughbreds. (Current law requires, in a calendar year, at least 60 but not more than 75 live racing days at a racetrack be for horses that are mounted by jockeys and run on a course without jumps or obstacles.)

Technical Correction: The bill removes issuing a license as an option for the IHRC under the penalty and enforcement sections of the pari-mutuel wagering tax laws.

Effective Date: July 1, 2013; January 1, 2014.

Explanation of State Expenditures: *IHRC's Reporting Requirement:* The IHRC currently produces an annual report at the end of every Calendar Year. In addition, the bill requires the IHRC to produce an annual report on the competitive status of the Indiana horse racing industry compared to other states. The report would likely require IHRC staff to conduct additional data collection and research on the horse racing industry. The IHRC's current level of resources should be sufficient to implement these reporting requirements.

Other provisions in the bill making changes to disciplinary guidelines and actions could lead to a minimal cost. The IHRC's current level of resources should be sufficient to implement these changes.

Independent Economic Impact Study: The bill requires the IHRC to employ the services of an independent contractor to perform a study concerning the economic impact of horse racing in Indiana. The bill also provides for the collection of revenue to pay for the cost of this study (see Explanation of State Revenues).

Penalty Provision: The bill establishes a Class A misdemeanor for individuals who violate the prohibition in the bill for members and employees of the IHRC, racing officials, and spouses of these individuals from wagering on horse racing at Indiana horse racetracks and OTBs. If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class A misdemeanor is \$5,000. However, any additional revenue would likely be small.

Explanation of State Revenues: *Independent Economic Impact Study:* To pay for the independent economic impact study, the bill requires each racetrack permit holder to pay \$25,000 out of the racetrack's purse account in FY 2014 and FY 2015. The IHRC will receive a total of \$100,000 to pay for the cost of the independent study.

Horse Racing Penalty Changes: The bill allows racing stewards and racing judges to impose a penalty up to \$5,000. Currently they are limited to imposing penalty up to \$1,000. This could have an impact on revenues if there are additional penalties imposed by these officers. Under current law the IHRC can impose additional penalty in addition to the racing stewards and racing judges up to a total of \$6,000 for offenses related to these provisions. This bill would increase those amounts to a total of \$10,000. The civil penalty revenue collected by IHRC is deposited in the state General Fund.

Explanation of Local Expenditures: *Penalty Provision:* The bill establishes a Class A misdemeanor for individuals who wager at the racetrack in violation of the prohibition in the bill. A Class A misdemeanor is

punishable by up to one year in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

State Agencies Affected: IHRC

Local Agencies Affected:

Information Sources: Indiana Administrative Code, IHRC.

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